

# FBF Intelligence

Case studies

Competitive  
position

Buyer behaviour  
and needs

Business growth

# Introduction

Whether setting business or personal goals, independent, reliable feedback is essential to assess our performance objectively. For fund management groups, listening to the voice of their current and prospective clients is a critical part of the evaluation process alongside understanding their relative competitive position. FBF Intelligence helps groups obtain actionable intelligence to build a more sustainable business with third-party fund distributors. Viewing data through multiple lenses, asset managers can pinpoint strengths and weaknesses.

In this series of case studies, we look at how Alpha Group, a well-known US brand can identify areas for performance improvements in Europe.

## EXAMPLE

Alpha Group is a well-known US brand with European growth aspirations. The company has built a following in a handful of local markets and plans to build on this. While it views its peer group as large global asset managers, it lags well behind them in Europe due to its limited exposure to European third-party fund selectors.

## CASE STUDIES

### 1. Strength and conditioning

Competitive position

### 2. Asset allocation

Buyer behaviour and needs

### 3. Brand connections

Business growth

# 1. Strength and conditioning

## Competitive Position

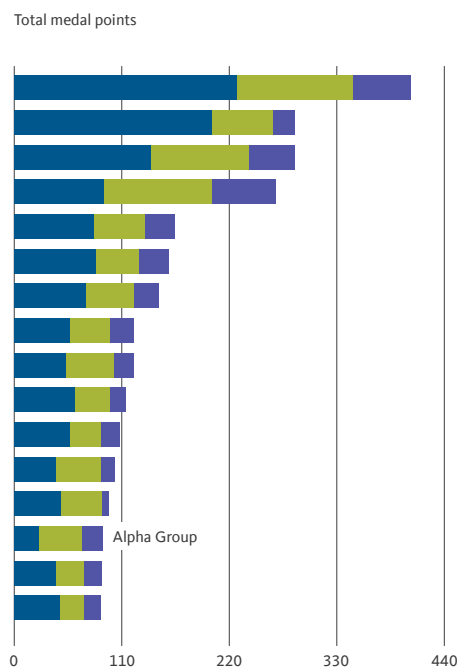
### COMPETITIVE POSITION

Alpha is the 15th most used group with European third-party fund selectors. The Board has set the management team an aggressive growth target. To capture more business, it recognises that it needs to appear on more selectors buy lists. While it is ahead of some big groups, it is a long way behind the outright leaders and has significant opportunities for improvement in the cross-border rankings. Delving down a layer into local market performance, it has a much higher positioning in some markets, especially Italy, Spain and Germany but is weak in Switzerland and the UK. At the same time, while selectors like its product quality, they are less impressed with its marketing approach or relationship management.

### PERFORMANCE TRENDS

At this point, we can't see if that's good or bad compared to other groups. For meaningful analysis, the management team require more context on whether the company's position has improved or weakened. Looking back to 2017, the company has made some significant improvements with its share of medal points at an all-time high for the most used

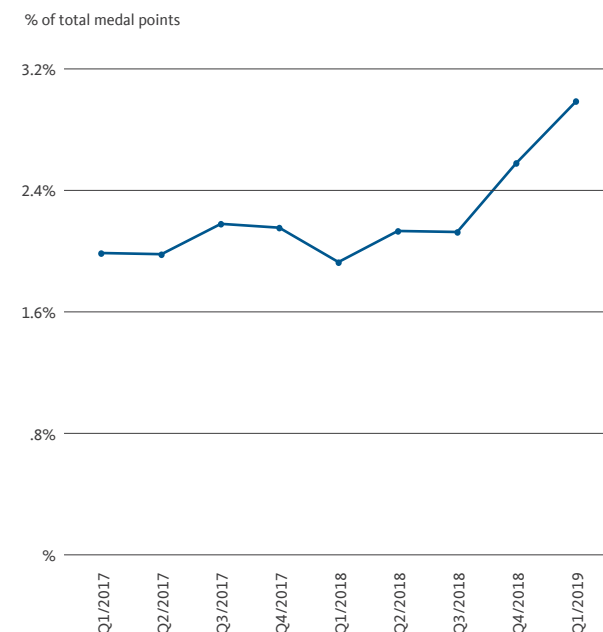
### 1.1 Most Used Providers



Source: FBF Intelligence

provider, see chart 1.2. But Alpha has sights on a top-ten ranking over the next three years and wants to know how it can improve performance further.

### 1.2 Most Used Providers – Time Lines



Source: FBF Intelligence

PERFORMANCE GAPS AND FUND  
SELECTOR FEEDBACK

While success should be acknowledged and celebrated, identifying weaknesses can highlight opportunities for enhancing performance further. For example, Alpha’s ranking for relationship management is 23rd, lagging well behind its most used provider ranking. Drilling down another layer reveals some insightful performance gaps. We can look and learn from the groups that are excelling at relationship management and medal rankings and the five individual attributes measured for relationship management.

1.3 Relationship Management

RELATIONSHIP MANAGEMENT ATTRIBUTES	GROUP RANK
Sales Approach	23
Expertise	17
Provision of Relevant Information	25
Responsiveness	23
Understanding Needs	20

Source: FBF Intelligence

Attribute analysis highlights that Alpha Group seems to have a good understanding of clients and have relationship managers that are recognised for their expertise. The weaker areas suggest they lack in the quality of information, dragging down the scores on responsiveness and sales approach. Without useful information, they can’t match selectors’ expectations on responsiveness and understanding clients’ needs, which is borne out by fund selector feedback.

“I would like them to approach distribution networks in a more proactive manner.

Its sales teams are completely absent. I would like them to be present and provide at least some follow-up. We have no contact and they hardly respond when we ask them something.”

PERFORMANCE IMPROVEMENTS

Alpha Group has now identified a performance gap. To improve, it can review the ‘best in class’ group for relationship management and learn what it needs to fix to close the gap with its competitors. The rankings and league tables reveal the stronger competitors, but the additional layer of qualitative feedback from clients can help them understand the issue. The feedback below clearly highlights an opportunity for sales and marketing teams to work closely together to provide more relevant information and a better client experience overall.

“The close relationship to its clients is a strong point of its sales unit. We particularly appreciate the outstanding, tailor-made information, which is further enhanced by the company’s expertise and competence.”

“This group is far superior to all the other fund houses in this regard. It is very quick to understand the client’s needs, grasping them straight away and rapidly providing everything that the client wants.”

“The sales staff there have a global outlook, plenty of experience, and a high level of knowledge. Furthermore, they have an excellent level of marketing support, good access to information, and the ability to focus on what is most relevant and important in the context of their clients’ needs.”

## 2. Asset allocation

### Buyer behaviour and needs

**While nobody can predict the future, FBF Intelligence can help you to prepare better by understanding what's on fund selector minds and where they are most likely to make changes to their clients' portfolios.**

Our forward-looking Alpha Group wants to understand distribution opportunities for their current product range and any weaknesses in their European fund line-up. This will help their business planning and, crucially, future resource allocation. A glance at fund selectors' future asset allocation intentions signals an increase in demand for ESG, thematic and emerging markets. Among European fund selectors, Alpha is recognised more for its investment strengths in North America, global equity and flexible bonds. With a cohort of strongly performing funds in these sectors, it expects to make further progress in these categories. Still, it is also acutely aware of the importance of ESG and thematic investing, and it wants to build its offering and credibility across sectors.

Alpha is relatively new to European funds distribution and wants to learn more about its competitors and the needs of fund selectors. While currently focused on cross-border distribution and the UK market, they plan to extend into other receptive countries. Before looking at their current rankings, examining critical fund selection

criteria at a cross-border and local market level, can help with prospecting and shape pitches towards local market nuances. For example, pan-European selector requirements are shown on the right. Understandably, the quality of the fund management team tends to feature in the top three across most markets, but the relative importance of pricing varies significantly across markets. Notably, for the Alpha Group, the UK is the most price-sensitive market where fund selectors ranked price in second place in their key selection criteria.

#### THE OPPOSITION

Combining analysis of sales flows with the different lenses of FBF can build a clearer picture of the opposition's strengths and weaknesses. To set the scene, the company's Scorecard is a perfect starting point for a top-down review. Encouragingly over Q1 2020, Alpha has improved its performance in seven out of nine measures. A massive uptick in its New Provider of Choice ranking plus significant improvement in brand preference suggest that the company is positioned well for acquiring new business. Viewing new business prospects alongside fund selectors perceptions of asset class expertise, Alpha Group is in a strong position to grow sales in North American and Global Equities.

#### 2.1 Fund Selection Criteria

% share of respondents



Source: FBF Intelligence

“I have named this fund house here primarily because it is extremely good at what it does. It concentrates mainly on US and global funds, and its products are reliably consistent year in year out: that is why I especially like this fund house.”

## 2.2 Summary Scorecard – Rank Change

Supplier Name	Alpha Group		
Country Name	#Pan-Europe		
Year (Date)	2019	2020	
Quarter (Date)	Q3	Q4	Q1
Question Text	Diff	Diff	Diff
Brand Preference	-	▼ 2	▲ 6
Business Growth	▼ 2	▲ 4	▲ 4
Marketing & Communication	▲ 2	▲ 4	▼ 1
Most Used Providers	-	-	▲ 1
New Provider Choice	▲ 5	▼ 30	▲ 52
Pricing & Costs	-	▼ 2	▲ 3
Product Quality	-	-	▲ 2
Reduction of Business	▲ 7	▲ 1	▼ 3
Sales & Account Mgt.	▼ 5	-	▲ 4

Source: FBF Intelligence

## BEST IN CLASS ESG AND EQUITY THEMATIC

Alpha is ranked 19th for thematic equities and worryingly, low 42nd, for ESG. With increased investor and regulatory demands for ESG/SRI investing, Alpha recognises this is a significant weakness which it must address.

Looking at the asset managers currently associated with ESG/SRI combined with fund selector feedback can build a better understanding of what is required to get on European fund selectors' buy lists.

## FUND SELECTOR COMMENTS

“I think that the general shift towards ESG-orientated investment is likely to be the most critical driver of change in the industry over the next few years. Fund providers need, however, to be more explicit about the basis on which they evaluate the ESG orientation of their fund portfolios, and generally do more to demonstrate precisely how they are implementing ESG within their investment processes.”

## 2.3 Best in Class Equity Thematic

Supplier Name	Gold	Silver	Bronze	Points	Rank	Diff
Peer 1	214	67	24	800	1	-
Peer 2	38	46	28	234	2	-
Peer 3	49	32	14	225	3	-
Peer 4	36	40	27	215	4	-
Peer 5	23	25	24	143	5	-
Peer 6	20	12	8	92	6	▲ 2
Peer 7	13	19	12	89	7	▼ 1
Peer 8	14	19	7	87	8	▼ 1
Peer 9	14	12	3	69	9	▲ 1
Peer 10	8	12	8	56	10	▼ 1
Peer 11	5	14	10	53	11	-
Peer 12	6	10	9	47	12	-
Peer 13	8	8	5	45	13	-
Peer 14	7	9	6	45	14	▲ 12
Peer 15	7	10	3	44	15	▲ 13

Source: FBF Intelligence

## CLOSING THE GAP

From a high-level analysis and a deeper dive into data points, Alpha Group has a much better picture of future product strengths and weaknesses with European fund selectors and the gaps it needs to fill.

While product development will be a crucial ingredient in filling the hole, brand awareness will play an essential role in improving business prospects with fund selectors.

# 3. Brand connections

## Business growth

In an increasingly competitive world, tracking performance and investing in brand is essential to standout from a crowded market and, ultimately, for business survival. FBF Intelligence includes brand tracking reporting providing a holistic and regular measurement of brand performance in Europe and Asia, allowing asset managers to measure engagement and perceptions with their most valuable customers – fund selectors.

Unprompted brand awareness and 12 brand attributes are measured quarterly. These updates include qualitative responses to give critical feedback on how they, and their peers, are connecting with Europe's and Asia's most influential third-party fund buyers. Performance data is provided at regional and at a local market level. The latter provides managers with a high level of granularity to identify weaknesses in their brand recognition among local fund buyers. Relatively new to the European distribution landscape, Alpha's brand awareness is much lower than its peer group at a Pan-European level. Alpha sees its peer group has large global brands, all of whom have built up a strong presence in the region over a long time where they have targeted local markets to increase awareness and open fund selector doors. Alpha's strongest market for

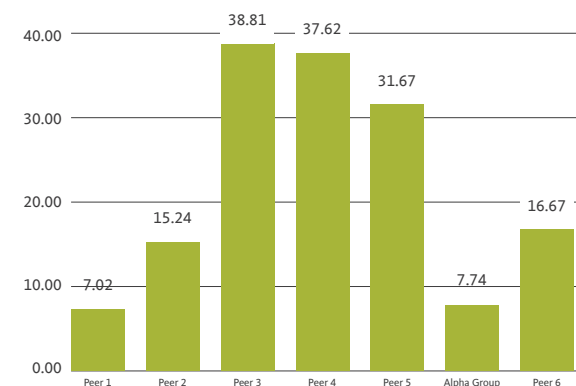
recognition is Austria. On the flipside, recognition in the UK is negligible – a market that it is a crucial part of its European growth aspirations.

### UK MARKET

Drilling down to the local market lens highlights that Alpha has relatively low engagement across markets compared to its peers. However, over the last two years, it has grown its business in Germany and Italy, supported by improvements in Brand Preference. Recognising that it needs a bottom-up approach to increase recognition among fund selectors, it's planning a UK marketing campaign to boost awareness around its global equity expertise. Competition in this market is fierce, consisting of local players, boutiques and international players and heavily intermediated by Independent Financial Advisers. Using the FBF Intelligence sales and marketing lens combined with sales data, Alpha can also get a more in-depth insight into what local selectors are buying and who they prefer to buy from, as well as their strengths and weaknesses.

### 3.1 Brand Awareness – Top of Mind

% share of respondents



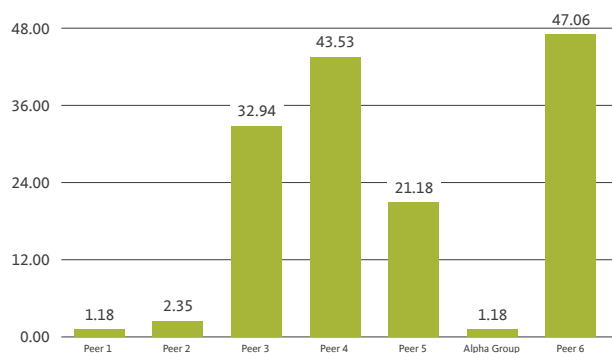
Source: FBF Intelligence

“We are going to increase our volume of business with Alpha because of the breadth of its product range and the flexibility of the support that it provides to us. That flexibility comes not least via product strategies that are tailored to our requirements and that are above all suited to the particular needs of the present market environment.”



### 3.2 Brand Awareness – Unprompted

% share of respondents



Source: FBF Intelligence

### BRAND PREFERENCE – THE LIKEABILITY FACTOR

A subjective measurement linked to emotional connection, brand preference is a measure of how well-liked asset managers are, which despite the disciplined process of fund selection, naturally plays its part in final selection especially when there is little to differentiate products. Encouragingly, after a dip in Q4, Alpha improved its Pan-European brand preference ranking by six places in Q1 2020, rising to 11th place supported by significant improvements in France and Belgium/Luxembourg. On a slightly negative note, it reversed the previous quarterly gains in Germany, but the longer-term trend remains positive.

Reviewing Alpha's brand preference scores with other Key Performance Indicators (KPIs), 3.3 highlights opportunities for improvement and, importantly, weaknesses in its competitive position. Addressing these could significantly improve its prospects for further business growth in Europe. Strong rankings for Brand Preference, Business Growth and Product Quality demonstrate the strength of the company's offer

and stable platform to build on. Weakness in pricing and relationship management are holding progress back. The latter was covered on page four in Case Study 1 where data points and selector feedback indicated where the sales and marketing team should focus their efforts on relationship management. Pricing is more nuanced across markets.

Nonetheless, the company needs to address this as more local markets are becoming more price sensitive. And significantly for its UK aspirations, this market, alongside the Netherlands, is one of the most price-sensitive in Europe. In a highly competitive marketplace, fund selectors are looking for more than product quality. Value for money and strong relationship management are also vital ingredients. If Alpha can address these alongside brand awareness, it will be in a much stronger position, which should also feed through to an improvement in New Provider of Choice – a business metric indicating the managers that selectors are considering adding to their buy lists.

### 3.3 Key Performance Rankings

Year (Date)	2020
Quarter (Date)	Q1
Question Text	Rank
Brand Preference	11
Business Growth	13
Marketing & Communication	19
Most Used Providers	15
New Provider Choice	32
Pricing & Costs	24
Product Quality	12
Reduction of Business	19
Sales & Account Mgt.	23

Source: FBF Intelligence

## Why FBF Intelligence?

A LOOK AT THE NUMBERS:

# The voice of third-party AUM

Comprehensive data and insights from the most influential fund buyers

## 12+ dashboards

Critical performance trends updated quarterly to inform management reporting

## 1,000+ interviews

Access quantitative and qualitative data from more than 1,000 in-depth interviews

## 3 years of data

Access historical data to identify performance trends

## 12,000+ comments

Listen and learn from the voice of your most influential customers

To schedule a demo, contact us at [insights@broadridge.com](mailto:insights@broadridge.com).